

Some thoughts on HB529.

The cost of HB529 is \$33,700,000. This is the property tax savings on class 8 business equipment contained in HB529. Since local governments and local schools are reimbursed from the general fund HB529 is a tax shift from those who pay business equipment tax to all taxpayers in the state. The purpose of this note is to put the \$33,700,000 cost of HB529 into perspective:

- 0. State Income Tax - \$69 from each income taxpayer to pay for HB529.
- 0. There are 490,000 Full Year Resident state income taxpayers in Montana (FY 2005, page 30 DOR Biennial Report).
- 0. HB529 is asking \$69 from each of these Montana resident state income taxpayers to cover the \$33,700,000 tax shift. ( $33,700,000 / 490,000 = 69$ ). This is \$69 from each income taxpayer that currently goes to fund things like education.
- 0. Or,
- 0. Owner Occupied Residents Property Tax - \$132 from each Owner occupied resident in the state to pay for HB529.
- 0. There are 254,458 Owner occupied residents in Montana (SB139 fiscal note).
- 0. The Governor proposes rebating these residents \$400 each. HB529 is asking \$132 from each of these owner occupied residents to cover the \$33,700,000 tax shift. ( $33,700,000 / 254,458 = 132$ ).
- 0. Or,
- 0. State Property Tax Collections – 17.27 mills applied to all property to pay for HB529.
- 0. Applying 17.27 mills to all property in the state generates \$33,700,000 (statewide taxable value of 1,950,684,636 in tax year 2006, page 111 DOR biennial report,  $33,700,000 / 1,950,684,636 = .01727 = 17.27$  mills)
- 0. The total current mills levied by the state is 101. HB529 is asking that 17% of the total property tax collections of the state be used to cover the \$33,700,000 tax shift.
- 0. Or,

-1. Property Tax Collections Cities and Towns –

The total amount of property taxes collected by all the cities and towns in the state was \$100,693,666 in FY 2007 (page 111 DOR biennial report).

The cost of HB529 is equal to 1/3 of the total property taxes collected by all the cities and towns in the state.

As a business owner I would much rather see \$33,700,000 of new spending go towards resolving issues like spiraling health costs and utility costs.

I guarantee you that, from a business point of view, we are not waiting for business equipment tax reduction to expand our business. We will expand our business when the economics dictate, not when we get a tax break.

Thank you for your time, and good luck.

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